

**Amendments to the Specification:**

Please replace paragraph 026 with the following:

[026] Aspects of the invention further relate to an iterative rate control system where the value of the slope of the rate distortion curve is adapted based on the assumption that the slope of the rate distortion curve and the resulting total rate follow a functional relationship. Aspects also relate to an image compression protocol including receiving a first image in a sequence of images and compressing the image at least based on one or more parameters, and adapting the one or more parameters used on the first image for compression of a next image, wherein the one or more parameters include at least one truncation parameter.